

BARNSELY METROPOLITAN BOROUGH COUNCIL

REPORT OF: EXECUTIVE DIRECTOR – GROWTH AND SUSTAINABILITY

TITLE: Asset Management Strategy 2023/24 to 2027/28

REPORT TO:	CABINET
Date of Meeting	28 June 2023
Cabinet Member Portfolio	Regeneration and Culture
Key Decision	Yes
Public or Private	Public

Purpose of report

The purpose of this report is to seek authority of Cabinet to adopt the Asset Management Strategy (AMS) for the next 5 years. The strategy sets out the Council's direction of travel over this period, providing a framework that will allow the effective and efficient management of the diverse asset base, whilst demonstrating excellent service delivery and value for money (VFM).

Council Plan priority

Enabling

Recommendations

That Cabinet recommend to Council:

- 1. Approval and adoption of the AMS covering the period 2023/24 to 2027/28.**
- 2. Supporting the approach to adopt a 5-year strategic land disposal programme.**
- 3. Commitment to the approach identified to manage the asset base and support achieving the £5.5M efficiencies set out in the MTFS.**
- 4. Delegate authority to both the Executive Director of Growth and Sustainability and Director of Finance/S151 Officer to approve any investment required (against the £1m already set aside) to deliver the key actions of the AMS, within their delegated authority. Anything outside of this will be referred to Cabinet spokesperson/s and/or Cabinet as appropriate.**

1. INTRODUCTION

- 1.1 The Council holds a diverse portfolio with a wide range of assets that it either owns or occupies, with some operating commercially, all of which require consideration in terms of their management. The Asset Management Strategy will provide the appropriate governance arrangements to ensure these assets are effectively managed to support the Borough, its communities, and residents.
- 1.2 Strategic asset management is vital in ensuring that assets are managed in a structured way, through the Asset Management Plan, whilst providing flexibility within the context of public sector and the changing environment.
- 1.3 The Council adopted an Asset Management Plan in early 2010 which was subject to periodic reviews. The plan was last updated in 2017 taking delivery up to 2020.
- 1.4 This strategy has now been refreshed to reflect the transformation programme already planned within the Council as well as wider potential changes to political, economic, and financial policies which impact on the property holdings of the Council. Officers have reviewed how its land and property assets can be best used to enable the delivery of the priorities identified in the Corporate Plan and 2023 ambitions.
- 1.5 This revised strategy and plan covers the period 2023/24 to 2027/28 to ensure effective delivery of the Council's short-, medium- and long-term priorities. This programme of work has been aligned to the delivery of the £5.9M of efficiencies required (over the same period) to support the balancing of the Medium-Term Financial Strategy (MTFS).
- 1.6 Given this covers a 5-year period the documents will be reviewed annually to ensure they still align with the organisation's priorities.

2. PROPOSAL

- 2.1 This Asset Management Strategy seeks to demonstrate that the Council is employing good practice in the management of its assets and is supporting the Council strategic goals. The strategy sets a clear strategic direction for the use of assets over the next 5 years.
- 2.2 The plan refers to the Council's need to proactively generate its own capital through the identification and disposal of surplus assets. This will be done by maximising the opportunity to release the full potential of our assets that supports the goals of the corporate plan and other council strategies.
- 2.3 Barnsley Council is a 'place of possibilities', working with partners from the public, private and voluntary sectors to create a place that grows ambition, enabling everyone to be the best they can be. We want our buildings and spaces to be positive places where people feel comfortable, welcome, and know they will have a good customer experience. Property assets are a key

corporate resource that supports delivery of our Barnsley 2030 ambitious goals and Council Plan priorities (Healthy, Learning, Growing and Sustainable Barnsley). Therefore, effective management of our diverse portfolio will enable delivery of services for our residents and communities.

- 2.4 This strategy aligns our land and building assets to the Medium-Term Financial Strategy (MTFS) and council-wide transformational programme, contributing to the financial gaps identified within the MTFS. Work will be captured across a number of themes:
- a) improve the sustainability and energy consumption of the estate including managing the running and maintenance costs.
 - b) maximising the commercial opportunities with the estate.
 - c) undertake a review of the scale of the Council's property portfolio is proportionate to the resources available and manage this through an asset rationalisation programme.
- 2.5 The Council has also introduced new ways of working, bringing a combination of home-based, office-based, and site-based working. This has resulted in the reconfiguration of workspaces and a stronger focus on collaboration, team working and hybrid technologically. In addition, as services progress their transformation reviews and reimagine their delivery models it may lead to further asset rationalisation. To respond to the changing operational property requirements (hybrid and transformation) ongoing review and regular monitoring of the office accommodation portfolio will be required. This strategy takes account of these changes and has produced a plan to dispose of surplus operational assets.
- 2.6 The objectives of this strategy are:

Table 1: Strategic Objectives

Objective 1	Delivering an efficient and fit for purpose estate, using assets innovatively whilst supporting service delivery
Objective 2	Guarantee all statutory and legal obligations are discharged
Objective 3	Supporting regeneration, housing, and economic growth
Objective 4	Maximise income growth from commercial and non-operational activities
Objective 5	Support leisure and cultural activities, contributing to Barnsley as a destination
Objective 6	Maximising opportunities available with key stakeholders and partners (OPE)
Objective 7	Contribute to the Councils environmental and sustainability agenda
Objective 8	Enable strategic decision through appropriate governance

- 2.7 This Strategy has been revised with clear intent to:
- Invest our capital in existing and new assets with the intent to reduce revenue running costs over the life of a building or to generate a sustainable income stream from rentals.
 - Provide the right assets in the right place at the right time from which to deliver our services.
 - Maximise the Estate's value for money.
 - Capitalise on potential opportunities for a new investment-based approach to commercial property opportunities, which will deliver low risk, sustainable revenue income for the Council in the medium to long term.
 - Enable the objectives of Business units' business plans to be met through the proper use of the asset base.
- 2.8 There is a real opportunity to get added value from our asset base to support all these themes and at the same time there is a real danger if this is not prioritised in this way that our assets remain a liability and mean front line services need to be cut to maintain them.
- 2.9 The Strategy is shaped by the need to further reduce overall expenditure, increase income, and provide digital tools and approaches to improve services and overcome the challenges facing the Borough.
- 2.10 At the present time the Council holds an unsustainable number of buildings with a growing maintenance requirement. The current backlog maintenance is estimated to be £30m and over the next three years. This figure will continue to grow, and the Council does not have the financial resources to meet these requirements.
- 2.11 The Strategy has been developed to ensure we manage our assets efficiently, effectively and they support the achievement of our priorities and plans and to meet our customers' needs and expectations. It builds on the progress already made because of our previous Asset Management Plans and has been developed in consultation with our Business Units and partner organisations
- 2.12 The Asset Management Strategy is one of several strategies that are in place to continue to drive our journey of improvement through to 2030.
- 2.13 The delivery cluster plans clearly set out the actions we will take to achieve the objectives of the Strategy. Progress against these plans will continue to be reported to and overseen by the Property Board and within the Councils Governance Arrangements.
- 2.14 A working subgroup will undertake the focussed activities, all are supported by the Property Services team.

3. IMPLICATIONS OF THE DECISION

3.1 Financial and Risk

3.1.1 This report has been discussed with representatives of the Director of Finance (S151 Officer).

3.1.2 The Asset Strategy and its management is fundamental in helping deliver the Council's Corporate Plan and Strategic Objectives and is a core tool in managing the Council's MTFS.

3.1.3 The current asset portfolio costs around £30M per annum to operate. In order to help address the current financial gaps in the MTFS, efficiencies need to be driven from the portfolio.

3.1.4 The following key activities will be delivered as part of the AMS and are expected to deliver upwards of £5.9M in efficiency by 2026/27.

Activity	Target Efficiencies
1. Maximising the commercial opportunities	£0.250M
2. Sustainability and Energy Management	£1.960M
3. Asset rationalisation - land	£0.700M
4. - Asset Rationalisation - operational estate	£2.970M
TOTAL	£5.890M

3.1.5 Further reports will be presented to cabinet to provide an update on progress against the on specific details with efficiency plans attached.

3.2 Legal

3.2.1 There are no direct legal implications arising at this point in time however once the Strategy has further evolved and specific Assets have been identified further consultation with legal colleagues will be required. Further reports will be prepared for Cabinet once detailed proposals are worked up from the Strategy.

3.3 Equality

3.3.1 No EIA has been completed at this stage; they will be completed for each individual action that takes place.

3.4 Sustainability

3.4.1 No Decision-making wheel has been completed at this stage; they will be completed for each individual action that takes place.

3.5 Employee

3.5.1 There are no employee issues arising from this report.

3.6 Communications

- 3.6.1 Once adopted and approved the Asset Strategy will be published as a corporate document and will be made available with all the councils strategy documents.

4. CONSULTATION

- 4.1 Stakeholder engagement for adoption of this plan has led to creating good and established relationships between directorates and asset management will be built upon to ensure that assets are being used in the best and most appropriate way to enable achievement of targeted service outcomes. Key service areas where assets play a particularly important role are:

- **Internal:** SMT, cabinet, Council Officers and employees, Elected Members. Key teams to be engaged include Finance, Regeneration and Culture, Public health, Communities, Children's, and Core.
- **External:** Tenants of our buildings, and businesses using our assets, residents, users of our assets, visitors, Community and Voluntary sector Partners, public sector partners (e.g., SY Police, NHS, etc).

- 4.2 Once approved local ward members will be consulted through several workshops picking up wider property and asset issues

5. ALTERNATIVE OPTIONS CONSIDERED

- 5.1 **Option 1 – Do nothing:** If the Council did not prepare an Asset Management Strategy it would not be possible to either manage assets dynamically or demonstrate the rationale for investment, thereby exposing the Council to criticism that it had a weak approach to the management and use of its physical resources.
- 5.2 **Option 2 – Prepare Asset Management Strategy / Plan:** The preparation of a Strategy enables the Council to establish some key principles / themes about managing assets both strategically and dynamically in the context of Councils Corporate Plan priorities. Having an Asset Management Strategy provides a clear programme to optimise property in a wider context.

6. REASONS FOR RECOMMENDATIONS

- 6.1 The recommendations have been set out to ensure this Strategy is adopted and ensures that the Council is employing good practice in the management of its assets and is supporting the Councils strategic goals.

7. GLOSSARY

AMS – Asset Management Strategy

OPE – One Public Estate

RICS – Royal Institute of Chartered Surveyors

MTFS – Medium-Term Financial Strategy

8. LIST OF APPENDICES

Appendix 1: The Asset Management Strategy and Plan

9. BACKGROUND PAPERS

Correspondence regarding this matter is held on the files in Asset Management – not available for inspection contains exempt information

10. REPORT SIGN OFF

Financial consultation & sign off	Senior Financial Services officer consulted and date <i>Steve Loach 25/05/2023</i>
Legal consultation & sign off	Legal Services officer consulted and date <i>Sukdave Ghuman 25/05/2023</i>

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Date: May 2023